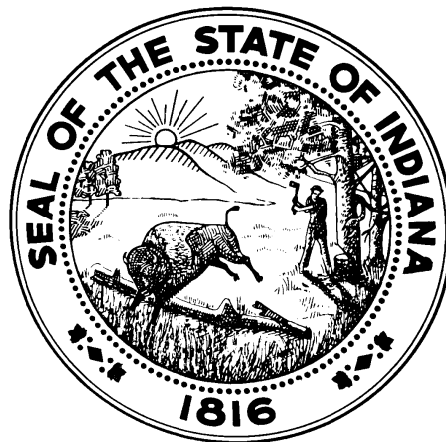


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
DELAWARE COUNTY, INDIANA

July 1, 2005 to July 31, 2007



FILED
12/14/2007

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Treasurer	Ann Kaelin Paula Timmons	07-01-05 to 07-23-07 07-24-07 to 06-30-08
Principal	John Junco	07-01-05 to 06-30-08
Superintendent of Schools	Paul Garrison	07-01-05 to 06-30-08
President of the School Board	Kip Corn Linda Hiatt	07-01-05 to 06-30-07 07-01-07 to 06-30-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF DALEVILLE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

We have examined the records of the Daleville Junior/Senior High School Extra-Curricular Account for the period from July 1, 2005 to July 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments.

STATE BOARD OF ACCOUNTS

October 15, 2007

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS

MALFEASANCE

Ann Kaelin, former Extra-Curricular Treasurer, failed to deposit all collections received.

1. Six receipt entries totaling \$24,300 were posted to the fund account ledger for August 31, 2005 to February 28, 2006. Receipt form SA-3 was not issued for these items. These items were not deposited in the Extra-Curricular Bank Account. Below is a schedule of date posted, the funds affected, the source of the collections, and the corresponding amount.

<u>Date Posted</u>	<u>Fund</u>	<u>Source</u>	<u>Amount</u>
08-31-05	Athletic	Concessions	\$ 5,000
01-06-06		Fundraising	8,650
02-13-06		Fundraising	<u>6,350</u>
Total Athletic			<u>20,000</u>
12-16-05	Class of 2007	Concessions	1,500
01-10-06		Concessions	1,300
02-28-06		Concessions	<u>1,500</u>
Total Class of 2007			<u>4,300</u>
Total			<u><u>\$ 24,300</u></u>

2. Cash collections totaling \$7,640.61 were receipted and posted to the records with no corresponding deposits for October 9, 2006 to December 19, 2006. Below is a schedule of the receipt date, funds affected, the source of the collections and the corresponding amount.

<u>Receipt Date</u>	<u>Fund</u>	<u>Source</u>	<u>Amount</u>
10-09-06	Athletic	Concessions	\$ 850.00
		Gate Receipts	1,125.00
11-30-06	Athletic	Concessions	661.00
		Gate Receipts	2,189.00
12-13-06	Athletic	Concession	186.00
		Gate Receipts	1,288.00
	Student Activities	Activities Sales	15.00
12-14-06	Textbook Rental	Fees	20.00
	Athletic	Fundraising	455.00
12-19-06	Student Activities	Activities Sales	15.00
	PTO Fundraisers	Sales	10.00
	Band Activities	Fundraising	137.00
	Honor Society	Fundraising	194.61
	Dance	Uniform Sales	<u>495.00</u>
Total			<u><u>\$ 7,640.61</u></u>

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

3. Cash collected as evidenced by receipt Forms SA-3 exceeded bank deposits by a total of \$18,220.62 for January 2007 to June 2007 as noted by the following:

Month	Receipts	Deposits	Excess of Receipts Over Deposits (Shortage)
January 2007	\$ 9,024.50	\$ 2,400.11	\$ 6,624.39
February 2007	5,649.57	347.00	5,302.57
March 2007	2,819.95	838.50	1,981.45
April 2007	2,148.40	941.93	1,206.47
May 2007	1,277.00	482.00	795.00
June 2007	<u>2,333.76</u>	<u>23.02</u>	<u>2,310.74</u>
Totals	<u>\$ 23,253.18</u>	<u>\$ 5,032.56</u>	<u>\$ 18,220.62</u>

4. Fundraising records indicated the amount to be collected for the cookie dough fundraiser in fiscal year 2006-2007 totaled \$9,786. Collections were received by the Athletic Secretary. She immediately remitted the collections to the Athletic Director. The Athletic Director remitted the collections to the former Extra-Curricular Treasurer. The amount was evidenced by receipt Form SA-3 issued by the former Extra-Curricular Treasurer dated November 30, 2006, for \$9,786. The amount deposited to the bank on October 31, 2006, was \$8,036. Deposits were short of collections by \$1,750.
5. Athletic ticket sales, SA-4 Forms, were compared to ledger postings to the Athletic Fund and to deposits to the bank. One SA-4 Form totaling \$2,106 was not posted nor deposited for fiscal year 2005-2006. The SA-4 Form was completed and signed by the previous Athletic Director and was verified and approved by the previous Extra-Curricular Treasurer.

There were no SA-4 Forms, receipt postings to the Athletic Fund Ledger, or deposits for baseball and softball ticket sales for the spring of 2006. We were unable to determine a dollar amount for the athletic collections for these events.

6. A check in the amount of \$150 was made payable to Ann Kaelin on July 31, 2006, for textbook rental cash change. The former Extra-Curricular Treasurer was the custodian of the Fund. The cash change of \$150 used for the collection of textbook rental was not receipted back to the records at the end of the school year and was no longer on hand at the time of the examination.
7. An examination of Textbook Rental Fund receipts indicated that deposits exceeded collections for the examination period. The following schedule documents the difference by year.

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>School Year</u>	<u>Textbook Rental Receipts</u>	<u>Deposits</u>	<u>Difference Long (Short)</u>
2005-2006	\$ 38,471.41	\$ 37,744.92	\$ (726.49)
2006-2007	32,887.30	34,552.14	<u>1,664.84</u>
Total			<u>\$ 938.35</u>

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ann Kaelin, former Extra-Curricular Treasurer, was requested to repay all of the above listed items, \$54,167.23 less the credit given for the Textbook Rental Fund being long by \$938.35. (See Summary, page 11)

PUBLIC RECORDS RETENTION

Bank statements, deposit slips, ticket sale reports, Accounts Payable Vouchers (Form SA-1) were not presented for examination. A bank service charge of \$240 was incurred for copies of bank statements and deposit slips obtained from the bank.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ann Kaelin, former Extra-Curricular Treasurer, was requested to repay the bank service charge of \$240. (See Summary, page 11)

FUNDRAISERS

Fundraising records obtained from the vendor indicated the amount to be collected for a cookie dough fundraiser in fiscal year 2005-2006 totaled \$11,302. The former Athletic Director stated teachers collected fundraising monies from the students. The Athletic Director then collected the money from the teachers. If students paid at a later date, the students remitted the monies to any one of three different individuals. The current Extra-Curricular Treasurer stated that several individuals were involved in the collection process. The amount evidenced by receipt Form SA-3 and deposited to the bank was \$8,530. Deposits were short of collections by \$2,772. We could not determine who was responsible for this shortage since several individuals were involved in the collection of the funds.

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CASH DISBURSEMENTS

Disbursements were not always made by check. Cash disbursements were used to pay individuals for working at various athletic events. Individuals working security at athletic events were paid with gift certificates rather than by check.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECEIPT ISSUANCE

A nonapproved receipt form was in use for several collections. The receipts were not pre-numbered.

Receipt Form SA-3 was not issued at the time monies were received.

A report was completed for receipt Forms SA-3 issued and noted the receipt number, date, account number, breakdown of cash and checks, source and the person the monies were received from. The report was not pre-numbered. We could not determine if all of the reports were on hand for review.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

FORM USAGE, FORM SA-1, PURCHASE ORDER AND ACCOUNTS PAYABLE VOUCHER

The following deficiencies were noted during a review of disbursements:

1. Several Forms SA-1, Purchase Order and Accounts Payable Voucher, did not contain invoices or contained copies of invoices.
2. Some disbursements were not supported by Form SA-1.
3. Some invoices were dated approximately six months before the check date.
4. Food purchases charged to a credit card were not detailed. Only credit card slips were attached to Form SA-1 as supporting detail in some instances.
5. Invoices attached to Forms SA-1 did not always agree with the check amount.
6. Sales tax was paid on some purchases.
7. There was often no evidence of authorization for disbursements.
8. There was often no evidence of certification that the material or services were received.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS

Vendor's invoices for textbooks indicated amounts due of \$30,457. Supporting Forms SA-1, Purchase Order Accounts Payable Voucher, were dated in July and August 2005. The Principal authorized the purchase and the former Extra-Curricular Treasurer certified there were sufficient funds to pay amounts due. There was no certification that the materials were received. Checks were signed by the Principal and the former Extra-Curricular Treasurer and issued in March and May 2006 in the amount of \$11,511. After notices by the vendors that the full amounts due had not been paid, the remaining balance of \$18,946 was paid by the School Corporation.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

TICKET SALE DEPOSITS

Ticket sales were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of three months before depositing.

Indiana Code 41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

CASH CHANGE

The cash change funds were not being receipted back to the bank account at the end of the school year.

The entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund. (Accounting and Uniform Compliance Guidelines for Extra-Curricular Accounts, Chapter 6)

EXAMINATION COSTS

The State of Indiana incurred additional examination time in the investigation of the missing funds and associated problems with the record balances.

The State of Indiana is requesting reimbursement of examination fees incurred in the amount of \$9,067.98.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2007, with John Junco, Principal; Paul Garrison, Superintendent of Schools; Paula Timmons, Extra-Curricular Treasurer; Linda Hiatt, President of the School Board; and Joe Kaelin, member of the School Board.

The contents of this report were discussed on October 31, 2007, with Ann Kaelin, former Extra-Curricular Treasurer.

DALEVILLE JUNIOR/SENIOR HIGH SCHOOL
EXTRA-CURRICULAR ACCOUNT
DALEVILLE COMMUNITY SCHOOLS
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Ann Kaelin, former Extra-Curricular Treasurer:			
Malfeasance, pages 4 through 6:			
Receipt Entries for Fundraisers and Concessions	\$ 24,300.00	\$	\$
Receipts Collected During October, November and December of 2006	7,640.61		
Receipts Collected Which Exceeded Deposits	18,220.62		
Fundraising Collections	1,750.00		
Athletic Ticket Sales	2,106.00		
Textbook Fund Cash Change	150.00		
Textbook Rental Fund Long		938.35	
Public Records Retention, page 6	<u>240.00</u>		<u>53,468.88</u>
Totals	<u>\$ 54,407.23</u>	<u>\$ 938.35</u>	<u>\$ 53,468.88</u>

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AFFIDAVIT

STATE OF INDIANA)
(Delaware COUNTY)

I, Stephanie Heath, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Daleville Junior/Senior High School, Extra-Curricular Account, Daleville Community Schools, Delaware County, Indiana, for the period from July 1, 2005 to July 31, 2007, is true and correct to the best of my knowledge and belief.

Stephanie Heath
Field Examiner

Subscribed and sworn to before me this 3rd day of December, 2007

Lorrie A. Bowman
Notary Public

My Commission Expires: 9-8-2009

County of Residence: Delaware